

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1576 - SB 1566**

March 28, 2011

**SUMMARY OF BILL:** Requires a local government to send notification to a property owner that it intends to initiate condemnation proceedings 30 days prior to filing a petition in a court with subject matter jurisdiction over the property, including in the notice a statement of value and a form describing the options available to the property owner regarding adjudication of damages. Lists among the options that the property owner may accept the amount shown in the statement of value; may reject the amount and proceed to an established negotiation process; may reject the amount and proceed to an established arbitration process; and may reject the amount and proceed in court with condemnation proceedings by filing a timely answer to the petition. Establishes new parameters and definitions as to what constitutes “public use.”

**ESTIMATED FISCAL IMPACT:**

**Decrease State Expenditures – Not Significant**

**Increase Local Expenditures – Exceeds \$3,990,100/Permissive**

Assumptions:

- Based on information previously provided by the Tennessee Department of Transportation (TDOT), eminent domain powers were exercised on more than 250 occasions to acquire land for state projects in 2009. This number is estimated to remain constant.
- Based on information provide by TDOT, there is an average of three occasions per county per year in which eminent domain is used to acquire land for local purposes.
- Local governments will notify property owners by mail of their intent to file petitions to initiate condemnation proceedings resulting in an increase to local expenditures of \$125 [(95 counties x 3 condemnations = 285) x \$0.44 postage].
- Arbitration fees will be shared by local governments and property owners.
- Seventy percent of cases will be challenged by property owners. The average legal-related costs for property owners are estimated to be \$40,000 per case, resulting in a cost of approximately \$20,000 per case to local governments resulting in an increase to local expenditures of \$3,990,000 (\$20,000 x 285 cases x 70%).
- According to the Administrative Office of the Courts, authorizing property owners to avoid condemnation proceedings by participating in a negotiation or arbitration will not significantly reduce the total caseload to chancery courts.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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